

## Message Text

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ACTION EA-09

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04 H-01  
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 CU-02 AID-05 COME-00 EB-08 FRB-03 TRSE-00  
XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 EUR-12  
IO-13 ACDA-07 /127 W  
-----251120Z 035097 /13

R 250931Z JAN 77  
FM AMEMBASSY RANGOON  
TO SECSTATE WASHDC 2907  
INFO CINCPAC  
AMCONSUL HONG KONG  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY VIENTIANE  
AMCONSUL MANDALAY  
AMEMBASSY BANGKOK  
DEA BANGKOK  
/AMEMBASSY KATHMANDU  
AMCONSUL CHIANG MAI  
AMEMBASSY NEW DELHI  
AMEMBASSY DACCA  
AMEMBASSY CANBERRA  
USLO PEKING

C O N F I D E N T I A L SECTION 1 OF 3 RANGOON 0245

E.O. 11652: GDS  
TAGS: PFOR, PINS, PINT, BM, LA, SCUL, EAID, AS, ECON, EFIN  
SUBJ: JOINT WEEKA #2, JANUARY 18-25

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1. LAO PRESIDENT VISITS (LOU)

LAO PRESIDENT SOUPHANOUVONG PAID A STATE VISIT TO BURMA JANUARY 19-23 FOLLOWING HIS VISIT TO INDIA. THREE DAYS WERE OCCUPIED WITH TOURING TAUNGGYI, MANDALAY, AND PAGAN, THE TRADITIONAL BURMA UP-COUNTRY TOURIST CIRCUIT.

PUBLIC STATEMENTS AND TOASTS WERE FOR THE MOST PART ANODYNE AFFIRMATIONS OF FRIENDSHIP. HOWEVER, AT A STATE DINNER, SOUPHANOUVONG MENTIONED "SOME CHANGE OCCURRING IN A NEIGHBORING COUNTRY" WHICH HAS "PRESENTED CONDITIONS WHICH ARE UNFAVORABLE TO PEACE AND FRIENDLY RELATIONS IN THE REGION." HE WENT ON TO THANK THE BURMESE "FOR THE FRIENDLY ATTITUDE AND SUPPORT EXTENDED TO OUR COUNTRY," IMPLYING GUB SUPPORT OF LAOS IN QUARRELS WITH THAILAND. THE BURMESE, HOWEVER, MADE NO SUCH STATEMENTS, AT LEAST NOT IN PUBLIC.

IN THE FINAL COMMUNIQUE, THE TWO SIDES:

--EXPRESSED AGREEMENT TO "FURTHER DEVELOP AND CONSOLIDATE THEIR MUTUAL RELATIONS ON THE BASIS OF THE FIVE PRINCIPLES OF PEACEFUL CO-EXISTENCE;"

-- LAUDED THE COMMUNIST VICTORIES IN INDOCHINA AND CALLED FOR VIET-NAM'S ADMISSION TO THE U.N.;

-- CALLED ON SOUTHEAST ASIAN COUNTRIES "NOT TO ALLOW THEIR TERRITORY TO BE USED BY ANY FORCE, INDIGENOUS OR FOREIGN, AS A BASE FOR DIRECT OR INDIRECT AGGRESSION AGAINST EACH OTHER;" AND  
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-- SUPPORTED THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER.

THE VISIT SEEMED TO HAVE LITTLE REAL SUBSTANCE. DESPITE THE COMMON BOUNDARY BETWEEN THE TWO COUNTRIES, THEIR ECONOMIC AND OTHER RELATIONS ARE MINIMAL, AND THERE ARE CURRENTLY NO SERIOUS ISSUES BETWEEN THEM. BOTH, HOWEVER, HAVE PROBLEMS WITH THEIR NEIGHBORN THAILAND, VIEWING THAT COUNTRY AS A SANCTUARY AND SOURCE OF SUPPORT FOR ANTI-GUB AND ANTI-LPDR INSURGENTS.

WHAT THE VISIT MAY HAVE LACKED IN SUBSTANCE WAS OFFSET BY EXTRAORDINARY PROTOCOL AND PUBLICITY MEASURES. NE WIN TRAVELED TO PAGAN TO GIVE A DINNER FOR HIS GUESTS; AIRPORTS AND MOTORCADE ROUTES WERE ALWAYS FILLED WITH FLAG-WAVING, SLOGAN-CHANTING YOUTHS; AND THE BURMESE PRESS DEVOTED MASSIVE FRONT-PAGE SPACE TO THE VISIT.

NE WIN ACCEPTED SOUPHANOUVONG'S INVITATION TO VISIT  
LAOS AT AN UNSPECIFIED FUTURE TIME.

2. BCP, KACHIN INSURGENTS FORM ALLIANCE (CONF)  
VOICE OF THE PEOPLE OF BURMA RADIO ANNOUNCED ON  
JANUARY 21 THAT AN AGREEMENT BETWEEN THE BURMESE COMMUNIST  
PARTY (BCP) AND THE KACHIN INDEPENDENCE ORGANIZATION (KIO)  
HAD BEEN ISSUED LAST JULY 6 AFTER "A FRANK AND FRIENDLY  
DISCUSSION" ON "LIBERATED" BURMESE TERRITORY. THE AGREE-  
MENT WAS SIGNED BY BA THEIN TIN, CHAIRMAN OF THE BCP  
(AND LONG-TIME RESIDENT OF PEKING) AND BRAN SENG,  
CHAIRMAN OF THE KIO. IT TERMED THE "NE WIN-SAN YU  
MILITARY GOVERNMENT" THE "COMMON ENEMY" WHICH MUST BE  
"TOTALLY DESTROYED" AND STATED THAT "THE BCP AND THE  
KIO WILL UNITE AND CONSOLIDATE" IN FIGHTING AGAINST IT.

THE AGREEMENT'S REVOLUTIONARY JARGON FOLLOWS CLOSELY  
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THE PRC LINE. FOR EXAMPLE, THE PARTIES AGREE THAT "THE  
SITUATION IN THE WORLD TODAY CALLS FOR RESOLUTELY OPPOSING  
MAINLY THE SOVIET SOCIAL-IMPERIALISTS, AND AT THE SAME  
TIME, THE U.S. IMPERIALISTS."

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R 250931Z JAN 77  
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COMMENT: WE HAVE KNOWN FOR SOME TIME THAT BRAN SENG MADE A LENGTHY VISIT TO THE PRC LAST SUMMER, AND THERE HAVE BEEN SUBSEQUENT REPORTS OF BCP/PRC SUPPORT, INCLUDING WEAPONS, FOR THE KIO FORCES, THE KACHIN INDEPENDENCE ARMY. HOWEVER, THIS IS THE FIRST CONFIRMATION THAT A BCP-KIO ALLIANCE HAS BEEN CONCLUDED. THE LENGTHY DELAY IN ANNOUNCING THE AGREEMENT MAY HAVE RESULTED FROM THE NEED FOR BRAN SENG TO CONVINCE HIS SUBORDINATES TO GO ALONG WITH IT, SINCE MANY KACHINS, OF WHOM A LARGE PERCENTAGE ARE CHRISTIANS, HAVE IN THE PAST BEEN ANTI-COMMUNIST IN  
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OUTLOOK. IT IS UNCLEAR WHETHER ALL OR ONLY A PART OF THE FRAGMENTED KACHIN POLITICAL ORGANIZATION AND ARMED FORCES HAVE ENTERED THE ALLIANCE, IN WHICH THE BCP IS CLEARLY THE DOMINANT PARTNER. MOREOVER, PAST ATTEMPTS TO EFFECT A LESS FORMAL TYPE OF COOPERATION BETWEEN THE TWO GROUPS HAVE NOT BEEN SUCCESSFUL, AND IT IS POSSIBLE THAT THE ALLIANCE WILL COME UNSTUCK. HOWEVER, AT LEAST FOR THE TIME BEING, THE BCP SEEMS TO HAVE ACQUIRED A SIGNIFICANT NEW INCREMENT OF POLITICAL AND MILITARY STRENGTH AS WELL AS TERRITORIAL CONTROL.

3. PURGED PARTY MEMBER LOSES GOVERNMENT JOB (LOU)  
AMCONSUL MANDALAY REPORTS THE DISMISSAL OF A MANDALAY WARD 4 PEOPLE'S COUNCIL CHAIRMAN WHO HAD PREVIOUSLY BEEN EXPELLED FROM THE BURMA SOCIALIST PROGRAM PARTY. THIS IS THE FIRST INDICATION THAT SOME OF THE MORE THAN 54,000 BSPP MEMBERS TO WHOM NEW PARTY CARDS WERE NOT ISSUED LAST FALL ARE BEING REMOVED FROM THEIR STATE POSITIONS. PREVIOUSLY, THEY WERE APPARENTLY TOLD TO CARRY ON IN THEIR OFFICIAL CAPACITIES UNTIL FURTHER NOTICE.

4. AUSTRALIAN AID FOR BURMA (UNCL)  
AUSTRALIA RECENTLY DONATED 1,000 TONS OF SKIM MILK POWDER VALUED AT \$400,000 TO BURMA AS PART OF ITS FOOD AID PROGRAM. A FURTHER AUSTRALIAN FOOD AID DONATION OF

4,000 TONS OF FLOUR IS EXPECTED TO ARRIVE IN RANGOON IN THE NEAR FUTURE. THIS CONSIGNMENT WILL BRING THE TOTAL VALUE OF AUSTRALIAN FOOD AID TO BURMA DURING BURMESE FY 1976/77 (APRIL-MARCH) TO \$1.2 MILLION.

5. BURMA JOINS ASIAN CLEARING UNION (LOU)

ON JANUARY 19 BURMA BECAME THE SEVENTH MEMBER OF THE ASIAN CLEARING UNION (ACU), AN ORGANIZATION ESTABLISHED IN NOVEMBER 1975 TO PROMOTE MONETARY COOPERATION AMONG MEMBER COUNTRIES. DR. AYE HLAING, CHAIRMAN OF THE UNION  
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OF BURMA BANK, SIGNED THE AGREEMENT AT A CEREMONY HELD AT ESCAP HEADQUARTERS IN BANGKOK. THE DEPUTY EXECUTIVE SECRETARY OF ESCAP STATED IN HIS FORMAL REMARKS AT THE CEREMONY THAT HE LOOKED FORWARD TO BURMA'S PARTICIPATION IN OTHER REGIONAL PROJECTS. DR. AYE HLAING RESPONDED THAT HE FORESAW A PERIOD OF MORE ACTIVE PARTICIPATION BY BURMA IN VARIOUS SCHEMES OF REGIONAL ECONOMIC COOPERATION SPONSORED BY ESCAP.

COMMENT: THIS IS ANOTHER SMALL INDICATION THAT BURMA IS BEGINNING TO EMERGE FROM ITS ISOLATIONIST SHELL AND TO PARTICIPATE ACTIVELY IN REGIONAL AFFAIRS.

6. BLACK MARKET PRICES DROP (LOU)

DURING THE PAST TWO MONTHS BLACK MARKET PRICES FOR NEARLY ALL ITEMS DROPPED CONSIDERABLY THROUGHOUT BURMA. THIS DECLINE MAY HAVE BEEN THE RESULT OF A CONSCIOUS EFFORT ON THE PART OF THE GUB TO SPREAD RUMORS REGARDING IMPORTS OF VAST QUANTITIES OF CONSUMER GOODS. BURMA SOCIALIST PROGRAM PARTY (BSPP) MEMBERS WERE TOLD TO SPREAD THE WORD THAT AS MANY AS 15 SHIPS LOADED WITH CONSUMER GOODS FROM JAPAN WERE STANDING OFF THE MOUTH OF THE RANGOON RIVER. THEY ALSO SPREAD A RUMOR THAT A NEW AUTOMOBILE ASSEMBLY PLANT WOULD BE ESTABLISHED. THESE RUMORS MAY HAVE SERVED TO DRIVE DOWN PRICES OF BLACK

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-----251121Z 035400 /13

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AMCONSUL CHIANG MAI

AMEMBASSY NEW DELHI

AMEMBASSY DACCA

AMEMBASSY CANBERRA

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MARKET GOODS AND USED CARS. WHEN THE SHIPS AND THE  
ASSEMBLY PLANT FAILED TO MATERIALIZE BLACK MARKET PRICES  
BEGAN TO CLIMB. HOWEVER, QUITE A NUMBER OF ARTICLES  
STILL REMAIN BELOW THE LEVEL THEY WERE SEVERAL MONTHS  
AGO AND IT MAY BE THAT SOMETHING MORE BASIC THAN THE  
GUB'S PSYCHOLOGICAL WARFARE AGAINST THE BLACK MARKET  
WAS RESPONSIBLE FOR THE DROP. IN RECENT MONTHS THE  
GUB HAS VIRTUALLY CEASED ITS EARLIER CAMPAIGN TO DESTROY  
THE BLACK MARKET BY INTERFERING WITH SHIPMENTS FROM THE  
THAI BORDER. THIS MAY HAVE ALLOWED A GREATER SUPPLY TO  
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REACH BURMESE MARKETS, THUS TRIGGERING A PRICE DROP.

7 PRC WINDS UP EXHIBIT (UNCL)

SEVERAL MINISTERS AND DEPUTY MINISTERS, AS WELL AS  
THE CHAIRMAN OF THE COUNCIL OF PEOPLE'S JUSTICES, PAID  
A POST-EXHIBIT VISIT TO THE PRC-SPONSORED CHINESE ARTS  
AND CRAFTS EXHIBIT (WEEKA #2, ITEM 11). DURING THE  
10-DAY SHOW, LONG LINES OF SPECTATORS WERE OBSERVED  
OUTSIDE THE SMALL, THIRD-STORY NATIONAL MUSEUM EXHIBIT  
HALL. REPORTS IN THE MEDIA OF MORE THAN 400,000 VISITORS,  
HOWEVER, ARE PROBABLY EXAGGERATED BY A FACTOR OF TEN.  
OSBORN

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## Message Attributes

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**Enclosure:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009